



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
WARREN COUNTY CLERK**

Calendar Year 2000

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE WARREN COUNTY CLERK

Calendar Year 2000

The Auditor of Public Accounts has completed the Warren County Clerk's audit for calendar year 2000. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

- We commend the Warren County Clerk for keeping excellent financial records.

Financial Condition:

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in a County Clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected are deposited to the county government fund and quarterly paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

The financial statements of the Warren County Clerk's 75% fund reflects a beginning balance of \$34,210, receipts of \$1,363,102, and disbursements of \$1,423,682 resulting in a deficit fund balance of \$26,370 for calendar year 2000. The 25% county government fund had receipts and disbursements of \$427,557 resulting in a zero fund balance.

Deposits:

The County Clerk's deposits were insured and collateralized by bank securities or bonds.

Grant:

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives on June 27, 1997 in the amount of \$66,801. The balance as of January 1, 2000 was \$37,776. During calendar year 2000, the Clerk earned \$306 in interest. Funds totaling \$38,082 were expended during calendar year 2000. The unexpended grant balance is \$0 as of December 31, 2000.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Michael O. Buchanon, County Judge/Executive
Honorable Yvonne Guy, Warren County Clerk
Members of the Warren County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts and disbursements of the County Clerk of Warren County, Kentucky, and the statement of receipts, disbursements, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 2000. These financial statements are the responsibility of the County Clerk. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk prepares the financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the County Clerk and the receipts, disbursements, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Michael O. Buchanon, County Judge/Executive
Honorable Yvonne Guy, Warren County Clerk
Members of the Warren County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated January 23, 2002, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

- We commend the Warren County Clerk for keeping excellent financial records.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
January 23, 2002

WARREN COUNTY
YVONNE GUY, COUNTY CLERK
STATEMENT OF RECEIPTS AND DISBURSEMENTS

Calendar Year 2000

Receipts

State Grants	\$	38,082
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State Fees For Services		33,200
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Fiscal Court		20,137
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Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	2,112,402
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Usage Tax		10,997,172
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Notary Fees		19,435
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Lien Release Fees		16,526
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Tangible Personal Property Tax		5,687,708
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Miscellaneous		634
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Licenses-

Marriage		27,531
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Miscellaneous		730
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Deed Transfer Tax		311,264
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Delinquent Taxes	206,471	19,379,873
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Fees Collected for Services:

Recordings-

Bail Bonds	\$	126
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Deeds, Easements, and Contracts		55,151
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Real Estate Mortgages		169,728
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Chattel Mortgages and Financing Statements		235,428
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Powers of Attorney		7,473
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All Other Recordings		91,400
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Charges for Other Services-

Candidate Filing Fees		990
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Copywork		22,001
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Postage		20,591
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Refunds and Overpayments		30,097
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Miscellaneous	2,660	635,645
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Interest Earned		37,494
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Total Receipts	\$	20,144,431
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WARREN COUNTY
YVONNE GUY, COUNTY CLERK
STATEMENT OF RECEIPTS AND DISBURSEMENTS
Calendar Year 2000
(Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 1,589,858

Usage Tax 10,639,157

Tangible Personal Property Tax 2,002,104

Taxes, Licenses, and Fees-

Delinquent Tax 44,496

Legal Process Tax 80,324

Candidate Filing Fees 390 \$ 14,356,329

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 670,144

Delinquent Tax 38,573

Deed Transfer Tax 295,701

Miscellaneous 465 1,004,883

Payments to Other Districts:

Tangible Personal Property Tax \$ 2,781,505

Delinquent Tax 63,820 2,845,325

Payments to Sheriff

4,225

Payments to County Attorney

34,475

Operating Disbursements:

Contracted Services-

Library and Archives Grant Expenditures \$ 38,082

Materials and Supplies-

Office Supplies 26

Other Charges-

Refunds 66,781

Postage 44

Bank Service Charges 20

Miscellaneous 2,659

Uncollected Returned Checks 923 108,535

Total Disbursements

18,353,772

WARREN COUNTY
YVONNE GUY, COUNTY CLERK
STATEMENT OF RECEIPTS AND DISBURSEMENTS
Calendar Year 2000
(Continued)

Net Receipts		\$	1,790,659
Payments to State Treasurer:			
75% Operating Fund	\$	1,363,102	
25% County Fund		<u>427,557</u>	<u>1,790,659</u>
Balance Due at Completion of Audit		<u>\$</u>	<u>0</u>

The accompanying notes are an integral part of the financial statements.

WARREN COUNTY
YVONNE GUY, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
FUND BALANCES OF THE COUNTY CLERK'S OPERATING
FUND AND COUNTY FUND WITH THE STATE TREASURER

Calendar Year 2000

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 2000	\$ 34,210	\$	\$ 34,210
<u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	1,363,102		1,363,102
Fees Paid to State - County Funds (25%)		427,557	427,557
Total Funds Available	<u>\$ 1,397,312</u>	<u>\$ 427,557</u>	<u>\$ 1,824,869</u>
<u>Disbursements</u>			
Warren County Government	\$	\$ 427,557	\$ 427,557
County Clerk's Statutory Maximum	76,250		76,250
County Clerk's Expense Allowance	3,600		3,600
County Clerk's Training Incentive	1,394		1,394
Deputies Salaries	861,216		861,216
Employer's Share Social Security	66,654		66,654
Employer's Share Retirement	66,955		66,955
Employer's Paid Health Insurance	105,552		105,552
Computer Rental	105,172		105,172
Copier Rental	29,505		29,505
Dues and Fees	10,305		10,305
Insurance and Bonds	2,010		2,010
Office Equipment	20,444		20,444
Office Supplies	17,951		17,951
Postage	28,345		28,345
Telephone	5,294		5,294
Travel Expense	2,476		2,476
Paper	3,602		3,602
Forms and Printing	2,422		2,422
Making Tax Bills	239		239
Books and Guides	2,236		2,236
Repair Labor	4,704		4,704
Recording Books	3,892		3,892
Recording Paper	3,464		3,464
Total Disbursements	<u>\$ 1,423,682</u>	<u>\$ 427,557</u>	<u>\$ 1,851,239</u>
Fund Balance - December 31, 2000	<u>\$ (26,370)</u>	<u>\$ 0</u>	<u>\$ (26,370)</u>

The accompanying notes are an integral part of the financial statements.

WARREN COUNTY
YVONNE GUY, COUNTY CLERK
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a County Clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and periodically paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

B. Basis of Accounting

The financial statements have been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The Attorney General issued a letter which stated that some receipts of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are receipted in the 75 percent fund.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

WARREN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent for the first six months and 7.17 percent for the last six months of the calendar year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deferred Compensation

On February 24, 2000, the Warren County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate. These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing The Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is present in The Kentucky Public Employees' Deferred Compensation Authority's annual financial report.

Note 4. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

WARREN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000
(Continued)

Note 5. Microfilming Grant

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives on June 27, 1997 in the amount of \$66,801. The balance as of January 1, 2000 was \$37,776. During calendar year 2000, the Clerk earned \$306 of interest. Funds totaling \$38,082 were expended during calendar year 2000. The unexpended grant balance is \$0 as of December 31, 2000.

Note 6. Reimbursed Expenses

The amount deposited to the County Clerk's Operating Funds (75%) with the State Treasurer included reimbursed expenses. The reimbursed expenses of \$80,431 include payments from the state and county in addition to other revenues.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

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**Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of the Warren County Clerk for the year ended December 31, 2000, and have issued our report thereon dated January 23, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Warren County Clerk's financial statements as of December 31, 2000, are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Warren County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
January 23, 2002

